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**SAPC BULLETIN 23-12**

November 2, 2023

**TO:** Los Angeles County Substance Use Disorder  
Contracted Treatment Providers

**FROM:** Gary Tsai, M.D., Bureau Director *GT*  
Substance Abuse Prevention and Control Bureau

**SUBJECT: CALIFORNIA ADVANCING AND INNOVATING MEDI-CAL PROVISIONS**

The California Advancing and Innovating Medi-Cal (CalAIM) Initiative expands on the opportunities created in 2017 when the Los Angeles County Department of Public Health’s Substance Abuse Prevention and Control Bureau (SAPC) launched the Drug Medi-Cal Organized Delivery System (DMC-ODS) waiver. Along with this expansion, CalAIM also changes many contractual requirements that impact how specialty substance use disorder (SUD) treatment providers implement services and manage their programs. SAPC is releasing this SAPC Bulletin 23-12 to our contracted treatment agencies to describe and incorporate these key contractual and programmatic changes as required by CalAIM.

This SAPC Bulletin 23-12 is issued under the authority of the Los Angeles County Board of Supervisors and as described in Paragraph 3.B. of DMC-ODS contracts, which states, “Contractor shall adhere to any and all Provider Network Bulletins as issued by SAPC from time to time throughout the term of this Contract, available at the following link: <http://publichealth.lacounty.gov/sapc/providers/manuals-bulletins-and-forms.htm#bulletins>”

SAPC recognizes the scope and impact these changes, may have on providers, along with those changes resulting from payment reform and increased workforce requirements. SAPC continues to offer training(s), technical assistance, and ongoing dialogue with providers to support greater understanding of these changes and successful implementation into agency infrastructure.

For additional information, Providers may attend and actively participate in SAPC's ongoing meetings and discussions, including but not limited to:

- SAPC All Treatment Provider Meetings
- Sage Trainings

These meetings and other useful information are available at SAPC's website: <http://publichealth.lacounty.gov/sapc/>. Additionally, agencies may also contact their assigned Contract Program Auditor and/or respective SAPC Division, depending on the nature of questions.

### **DOCUMENTATION**

The State of California Department of Health Care Services (DHCS) released [Behavioral Health Information Notice 22-019](#), which covered new CalAIM requirements and responsibilities for clinical documentation.

In response, on December 20, 2022, SAPC released [Information Notice 22-19](#) to provide an overview of these new provisions that impact the following documents and/or practices:

- Problem Lists
- Treatment Plans
- Documenting Diagnosis
- Timeframe to Complete Progress Notes
- Documentation Training Requirements and Attestations

### **REIMBURSEMENT AND CLAIMING CHANGES**

Providers may refer to [SAPC Bulletin 23-07](#) which included the reimbursement rates for fiscal year 2023-2024 along with key CalAIM Payment Reform provisions that impact how providers submit claims and are reimbursed. The changes are described in SAPC Bulletin 23-07 and include the following, which were effective July 1, 2023:

- Transition to Fee-For-Service rates
- Fiscal Reporting
- Practitioner-level rates
- Rates inclusive of documentation and travel time.
- Addition of Current Procedural Terminology (CPT) Codes
- Capacity Building & Incentive Initiatives
- Additional Benefits Under the DMC Treatment Contract

### **ADDITION OF FEDERAL AND STATE REGULATIONS AND LAWS**

As Los Angeles County contracted service providers, agencies must adhere to all

applicable federal and State laws and regulations, as well as ensure there is no unlawful discrimination against any persons/individuals. The following federal and State regulations and laws are hereby incorporated by reference into SAPC service agreements:

### **Federal Laws/Regulations**

- Title VI of the Civil Rights Act of 1964, Section 2000d, as amended, prohibiting discrimination based on race, color, or national origin in federally funded programs.
- Title VIII of the Civil Rights Act of 1968 (42 USC 3601 et seq.) prohibiting discrimination on the basis of race, color, religion, sex, handicap, familial status or national origin in the sale or rental of housing.
- Age Discrimination Act of 1975 (45 CFR Part 90), as amended 42 USC Sections 6101 – 6107), which prohibits discrimination on the basis of age.
- Age Discrimination in Employment Act (29 CFR Part 1625).
- Title I of the Americans with Disabilities Act (29 CFR Part 1630) prohibiting discrimination against the disabled in employment.
- Title II of the Americans with Disabilities Act (28 CFR Part 35) prohibiting discrimination against the disabled by public entities.
- Title III of the Americans with Disabilities Act (28 CFR Part 36) regarding access.
- Section 504 of the Rehabilitation Act of 1973, as amended (29 USC Section 794), prohibiting discrimination on the basis of individuals with disabilities.
- Executive Order 11246 (42 USC 2000(e) et seq. and 41 CFR Part 60) regarding nondiscrimination in employment under federal contracts and construction contracts greater than \$10,000 funded by federal financial assistance.
- Executive Order 13166 (67 FR 41455) to improve access to federal services for those with limited English proficiency.
- The Drug Abuse Office and Treatment Act of 1972, as amended, relating to nondiscrimination on the basis of drug abuse.
- Title 42, United States Code, Chapter 106 - Community Services Block Grant Program: No federal funds shall be used by the providers for sectarian worship, instruction, or proselytization. No federal funds shall be used by the County or its subcontractors to provide direct, immediate, or substantial support to any religious activity.

### **State Laws/Regulations**

- Fair Employment and Housing Act (Government Code Section 12900 et seq.) and the applicable regulations promulgated thereunder (2 CCR 7285.0 et seq.).
- Title 2, Division 3, Article 9.5 of the Government Code, commencing with Section 11135.
- Title 9, Division 4, Chapter 8 of the CCR, commencing with Section 13000.

### **Additional Requirements**

- 42 USC 300x-23 (45 CFR 96.126(e)). Providers shall ensure that individuals in need of Intravenous Drug Use (IVDU) treatment are encouraged to undergo Alcohol and Other Drug treatment.
- Youth-contracted services providers must adhere to the Adolescent Best Practices Guidelines available at the following link:  
[https://www.dhcs.ca.gov/Documents/CSD\\_CMHCS/Adol%20Best%20Practices%20Guide/AdolBestPracGuideOCTOBER2020.pdf](https://www.dhcs.ca.gov/Documents/CSD_CMHCS/Adol%20Best%20Practices%20Guide/AdolBestPracGuideOCTOBER2020.pdf)

### **MODIFICATION OF COST REPORTING REQUIREMENT**

In accordance with the DHCS [Behavioral Health Information Notice No: 23-023](#), DMC-ODS contracted providers will no longer be required to reconcile cost for services conducted and expenses incurred on or after July 1, 2023. Additionally, contracted providers are no longer required to submit DHCS-issued Cost Report(s) for these services effective July 1, 2023. Services provided and costs incurred on or before June 30, 2023, will continue to be reported and reconciled in accordance with DHCS-issued Cost Report templates, standards, and timelines.

### **FISCAL REPORTING**

In accordance with CalAIM's goal of reducing administrative burdens described in DHCS Behavioral Health Information Notice 23-023 and with the requirements of the [California Welfare and Institutions Code \(WIC\) Article 5.51, Sections 14184.100, 14184.102, 14184.402, 14184.403, 14184.404, and 14184.405](#), SAPC has developed a streamlined Fiscal Reporting process to collect expenditure data and meet local funding requirements.

On October 11, 2023, SAPC released [Fiscal Reporting Information Notice 23-10](#) to provide additional information on the new SAPC Fiscal Reporting Process and Tool.

SAPC's Fiscal Reporting Tool was developed and designed to achieve two goals:

- 1) ensure responsible stewardship of Los Angeles County's tax-payer funds; and
- 2) streamline the process and tool and applies to all SAPC contracts. To achieve those goals, the tool will:

- Collect financial information by service (Level of Care, etc.) at the agency-level, not site-level. This alleviates the need for providers to submit multiple reports based on the number of contracted sites.
- Reduce redundancies by leveraging information collected by the County of Los Angeles Department of Auditor-Controller via their Fiscal Compliance Reviews.

### **INDIRECT COST RATE**

In accordance with contract language, SAPC will initially cap Indirect Cost Rates at 10% of

the modified total direct costs (MTDC) or Contractor's Indirect Cost Proposal (ICP) rate approved by the U.S. Department of Health and Human Services. As part of CalAIM's Payment Reform provisions, SAPC may consider a modified indirect cost rate up to SAPC's State-approved 25% rate. To be considered for this indirect rate, providers must submit the following information:

- SAPC Indirect Rate Approval Form
- Payroll Register
- Financial Statements

Please send the form and required information to [SAPC-Finance@ph.lacounty.gov](mailto:SAPC-Finance@ph.lacounty.gov). The SAPC Finance Services Division will review and respond accordingly.

## **RESOURCES**

The following resources provide additional information and guidance:

- The SAPC [Provider Manual](#)
- [Behavioral Health Information Notice No. 23-001](#)
- [Adolescent Best Practices Guide](#)
- [Department of Health Care Services Behavioral Health Information Notices](#)

## **ADDITIONAL INFORMATION**

You may send questions regarding billing and fiscal matters to the SAPC Finance Services Division via email at: [SAPC-Finance@ph.lacounty.gov](mailto:SAPC-Finance@ph.lacounty.gov). For other questions, you may contact your Contract Program Auditor.

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